EXHIBIT 13

REPORT OF ORLEY ASHENFELTER

IN CONNECTION WITH

STATE OF TEXAS ET AL.

v.

PENGUIN GROUP (USA), INC. ET AL.

February 8, 2013

However, it did not use an Agency Model contract at Amazon until sometime between May 26 2010 and May 31 2010.[17, 18]

D. Results

35. Table 1 (attached) shows the results of my analysis. I report the results of my analysis of e-book prices in the first column of the table and the results of my analysis of e-book quantities sold in the second column of the table. I also report the results of an analysis of revenues in the third column of the table.

36. The first row of the table shows my calculation of the effect of the alleged Agency Model conspiracy. In this row a positive value indicates an increase, on average, from the pre-period to the post-period and a negative value indicates a decrease, on average, over the same period. The table indicates that prices for conspiracy publisher titles were 0.172 log points (18.8 percent) higher, on average, in the post-period than in the pre-period, after taking account of the factors controlled for in my model.[19] The table also

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[17] Despite the "most favored retailer" clause in the Agency Model contracts, Penguin typically priced their e-books [redacted] (For examples of the most favored retailer clause, see HBG HC 002740, BN 0001217, BN0000965, BN0001545 and BN 0001096. For a comparison of the relevant prices, see my statistical back up materials.)

[18] AMZN-TXCID-0000345, APPLETX00018405, BN 0001231 and APPLETX00020461.

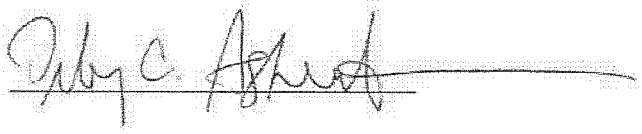
[19] Note that this average gives equal weight to all titles regardless of how many copies of the title were sold. I use this weighting scheme in this context because it is important to calculate price and quantity effects consistently. Should I be asked to study overcharges for the purpose of computing damages I will consider whether this weighting scheme is appropriate in that context.

indicates that unit sales of e-books from conspiracy group publishers were 0.161 log points lower (14.9 percent) on average in the post-period than in the pre-period, after taking account of the factors controlled for in my model. In the third column, the table indicates that revenues from sales of conspiring publisher e-books rose 0.011 log points (1.1 percent) from the pre-period to the post-period.

37. The second row of the table provides the absolute value of the t-statistics for a test of whether the calculated effects are statistically significantly different from zero. Generally speaking, a t-statistic with an absolute value of 1.96 or more indicates that the calculated effect is statistically significant at the five percent significance level. Both the t-statistic for the price effect (91.75) and the t-statistic for the quantity effect (19.43) indicate that the calculated effect is statistically significant. The absolute value of the t-statistic for the revenue effect is 1.40, indicating that it is not statistically significant.

38. The third row of the table lists the number of e-book titles included in my analysis: 18,186. The fourth row of the table indicates the total number of observations (title/retailer/month combinations) included in my analysis. It is 286,169.

39. The final row of the table displays my calculation of the price elasticity. This is computed as the quantity effect divided by the price effect. It is -0.93 indicating that a ten percent increase in prices will lead to a 9.3 percent decline in unit sales.



Orley C. Ashenfelter
February 8, 2013

Table 1: Results of the Regression Analyses of E-Book Prices and Units Sold

	Price	Units Sold	Revenue
Effect of the Agency Model	0.172	-0.161	0.011
Absolute Value of the T-Statistic	(91.75)	(19.43)	(1.40)
Number of Titles	18,186	18,186	18,186
Total Number of Observations	286,169	286,169	286,169
Elasticity		-0.93	

The dependent variable is the average price, unit sales or revenue (in natural logarithms) for a given e-book title, retailer, and month.

The table presents the mean difference in e-book price, unit sales or revenue (expressed in logarithms) from the period prior to agency pricing to the period following agency pricing for e-books published by conspiring publishers after adjusting for factors specific to each title and differences by retailer interacted with whether the observation was affected by the 'buy button' incident, whether the title was on the frontlist (less than 1 year old) and factors specific to each month.

Absolute values of the t-statistic in parentheses. Generally speaking, a t-statistic greater than 1.96 in absolute value indicates that the calcuated effect is statitically significant.